

MONTANA LEGISLATIVE HISTORY

Chapter 564 19 81

Bill H 609 S _____

Original bill & history ✓ c

H. Committee on Taxation

Hearing Date(s) Feb 13 ✓ c

Feb 17 ✓ c

Mar 27 ✓ c

Apr 03 ✓ c

Date Out Apr 03 ✓ c

S. Committee on Taxation

Hearing Date(s) Apr 13 ✓ c

Apr 14 ✓ c

_____ c

_____ c

Apr 14 ✓ c

Did this bill originate in an interim committee? ____ Yes ____ No

Committee _____

Report _____

RESOURCES TO IMPLEMENT THE SOIL SURVEY PLAN.

INTRODUCED: 2/2

REFERRED TO COMMITTEE ON APPROPRIATIONS: 2/2

HEARING: 3/12

BILL DIED IN COMMITTEE

HB 606—O'HARA, WINSLOW, HANNAH, ET AL—TO LESSEN THE INCIDENCE OF CRIME AGAINST THE ELDERLY BY PROVIDING AN INCREASED PRISON TERM FOR PERSONS CONVICTED OF CERTAIN CRIMES AGAINST PERSONS 60 YEARS OF AGE OR OLDER.

INTRODUCED: 2/2

REFERRED TO COMMITTEE ON JUDICIARY: 2/2

HEARING: 2/6

BILL DIED IN COMMITTEE

HB 607—HARP, D. BROWN, QUILICI, ET AL—TO ASSIGN THE BURDEN OF PROOF WHEN APPLICATION IS MADE TO AMEND A CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY AND PUBLIC NEED UNDER THE MONTANA MAJOR FACILITY SITING ACT.

INTRODUCED: 2/2

REFERRED TO COMMITTEE ON NATURAL RESOURCES: 2/2

HEARING: 2/11

REPORT: DO PASS AS AMENDED, 2/14

2ND READING: 2/20 YEAS: 83; NAYS: 1

3RD READING: 2/24 YEAS: 97; NAYS: 2

TRANSMITTED TO SENATE: 2/24

REFERRED TO COMMITTEE ON NATURAL RESOURCES: 3/2

HEARING: 3/16

REPORT: 3/17, BE CONCURRED IN, AS AMENDED

2ND READING: 3/19, BE CONCURRED IN

3RD READING: 3/21, YEAS: 48; NAYS: 0

RETURNED TO HOUSE WITH AMENDMENTS: 3/21

2ND READING: 4/7 YEAS: 84; NAYS: 0

ON MOTION, 4/7, RULES SUSPENDED AND PLACED ON 3RD READING.

3RD READING: 4/7 YEAS: 94; NAYS: 1

TRANSMITTED TO GOVERNOR: 4/9

ACTION: SIGNED, 4/14

CHAPTER 372

HB 608—JENSEN, C. SMITH, LUND, ET AL—TO REVISE COMPENSATION AND EXPENSES FOR LEGISLATORS RESIDING IN THE SAME RESIDENCE AS LISTED ON THE DECLARATION FOR NOMINATION.

FISCAL NOTE: REQUIRED

INTRODUCED: 2/2

REFERRED TO COMMITTEE ON STATE ADMINISTRATION: 2/2

HEARING: 2/10

REPORT: DO NOT PASS, 2/10

REPORT: ADOPTED, 2/12

BILL KILLED: 2/12 YEAS: 84; NAYS: 9

HB 609—FAEREGA, HARP, MOORE—TO PROVIDE A GRADUATED SCHEDULE FOR THE TAX RATE APPLICABLE TO IMPROVEMENTS ON REAL PROPERTY FOR NEW AND EXPANDING MANUFACTURING INDUSTRY....

INTRODUCED: 2/2

REFERRED TO COMMITTEE ON TAXATION: 2/2

HEARING: 2/13

REPORT: DO NOT PASS, 2/18

ON MOTION, 2/19, REFERRED TO COMMITTEE ON TAXATION.

HEARING: 3/18
REPORT: DO NOT PASS, 3/28
ON MOTION, 3/28, POSTPONED ANY FURTHER ACTION ON THE ADVERSE
COMMITTEE REPORT UNTIL THE 71ST LEGISLATIVE DAY.
REPORT: DO PASS AS AMENDED, 4/3
2ND READING: 4/6, AS AMENDED, YEAS: 79; NAYS: 11
ON MOTION, 4/6, RULES SUSPENDED, PLACED ON 3RD READING.
3RD READING: 4/6, YEAS: 91; NAYS: 4

TRANSMITTED TO SENATE: 4/6
REFERRED TO COMMITTEE ON TAXATION: 4/7
HEARING: 4/13
REPORT: 4/14, BE CONCURRED IN, AS AMENDED
2ND READING: 4/16, AS AMENDED, BE CONCURRED IN
3RD READING: 4/17, YEAS: 49; NAYS: 0

RETURNED TO HOUSE WITH AMENDMENTS: 4/17
2ND READING: 4/22, YEAS: 63; NAYS: 20
ON MOTION, 4/22, RULES SUSPENDED, PLACED ON 3RD READING
3RD READING: 4/22, YEAS: 81; NAYS: 16

TRANSMITTED TO GOVERNOR: 4/23
ACTION: SIGNED, 4/29
CHAPTER 564

HB 610—ANDERSON, B. BROWN, MAPKS, ET AL—TO INCREASE THE
MAXIMUM-GENERAL-FUND-BUDGET-WITHOUT-A-VOTED-LEVY LIMITATION FOR
ELEMENTARY SCHOOLS AND HIGH SCHOOLS....

INTRODUCED: 2/2
REFERRED TO COMMITTEE ON EDUCATION: 2/2
HEARING: 2/4
REPORT: DO PASS AS AMENDED, 2/6
ON MOTION, 2/7, REFERRED TO COMMITTEE ON APPROPRIATIONS.
HEARING: 2/9
REPORT: DO PASS, 2/10
MOTION, 2/13, TO PASS CONSIDERATION UNTIL THE 39TH LEGISLATIVE
DAY.
SUBSTITUTE MOTION, 2/13, THAT THE BILL BE RETURNED TO THE
COMMITTEE ON APPROPRIATIONS.
MOTION FAILED, YEAS: 41; NAYS: 54
ON MOTION, 2/13, PASSED CONSIDERATION TO THE 39TH LEGISLATIVE
DAY.
2ND READING: 2/18 YEAS: 52; NAYS: 47
3RD READING: 2/20 YEAS: 59; NAYS: 41

TRANSMITTED TO SENATE: 2/20
REFERRED TO COMMITTEE ON FINANCE AND CLAIMS: 2/21
HEARING: 3/12
REPORT: 3/13, BE CONCURRED IN, AS AMENDED
ON MOTION, 3/13, RULES SUSPENDED AND PLACED ON 2ND READING
2ND READING: 3/13, BE CONCURRED IN
ON MOTION, 3/13, RULES SUSPENDED AND PLACED ON 3RD READING
3RD READING: 3/13, YEAS: 47; NAYS: 0

RETURNED TO HOUSE WITH AMENDMENTS: 3/14
RULES SUSPENDED, 3/14, TO PLACE THE AMENDMENTS ON 2ND AND 3RD
READING THIS DAY.
2ND READING: 3/14 YEAS: 81; NAYS: 13
3RD READING: 3/14 YEAS: 71; NAYS: 12

HOUSE BILL NO. 609

INTRODUCED BY FABREGA, HARP, MOORE

IN THE HOUSE

February 2, 1981	Introduced and referred to Committee on Taxation.
February 19, 1981	Committee recommend bill do not pass. Report adopted. Objection. Rereferred to Committee on Taxation.
March 28, 1981	On motion that the adverse committee report be postponed until the 71st legislative day. Motion adopted.
March 30, 1981	On motion rules suspended and bill allowed to be transmitted on the 75th legislative day.
April 3, 1981	Committee recommend bill do pass as amended. Report adopted.
April 4, 1981	Transmittal date extended to the 76th legislative day. Bill printed and placed on members' desks.
April 6, 1981	Second reading, do pass as amended. On motion rules suspended and bill placed on third reading this day. Third reading, passed. Ayes, 91; Noes, 4. Transmitted to Senate.

IN THE SENATE

April 7, 1981

By motion and consent bill allowed to be received and considered this session.

Introduced and referred to Committee on Taxation.

April 14, 1981

Committee recommend bill be concurred in as amended. Report adopted.

April 15, 1981

Second reading, pass consideration.

April 16, 1981

Second reading, concurred in as amended.

April 17, 1981

Third reading, concurred in as amended. Ayes, 49; Noes, 0.

IN THE HOUSE

April 20, 1981

Returned from Senate with amendments.

April 22, 1981

Second reading, amendments concurred in.

On motion rules suspended and bill placed on third reading this day.

Third reading, amendments concurred in. Ayes, 81; Noes, 16. Sent to enrolling.

Reported correctly enrolled.

1 HOUSE BILL NO. 609
 2 INTRODUCED BY LEGISLATIVE COUNCIL

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE A GRADUATED
 5 SCHEDULE FOR THE TAX RATE APPLICABLE TO IMPROVEMENTS ON REAL
 6 PROPERTY FOR NEW AND EXPANDING MANUFACTURING INDUSTRY;
 7 PROVIDING FOR LOCAL GOVERNMENT APPROVAL; AMENDING SECTION
 8 15-6-134, MCA; PROVIDING AN EFFECTIVE DATE."

9
 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 Section 1. Section 15-6-134, MCA, is amended to read:

12 "15-6-134. Class four property -- description --
 13 taxable percentage. (1) Class four property includes:

14 (a) all land except that specifically included in
 15 another class;

16 (b) all improvements except those specifically
 17 included in another class;

18 (c) all trailers and mobile homes used as permanent
 19 dwellings except:

20 (i) those held by a distributor or dealer of trailers
 21 or mobile homes as his stock in trade; and

22 (ii) those specifically included in another class;

23 (d) the first \$35,000 or less of the market value of
 24 any improvement on real property or a trailer or mobile home
 25 used as a permanent dwelling and appurtenant land not

1 exceeding 5 acres owned or under contract for deed and
 2 actually occupied for at least 10 months a year as the
 3 primary residential dwelling of:

4 (i) a widow or widower 62 years of age or older who
 5 qualifies under the income limitations of (iii) of this
 6 subsection;

7 (ii) a widow or widower of any age with dependent
 8 children who qualifies under the income limitations of (iii)
 9 of this subsection; or

10 (iii) a recipient or recipients of retirement or
 11 disability benefits whose total income from all sources is
 12 not more than \$7,000 for a single person or \$8,000 for a
 13 married couple;

14 (e) all golf courses, including land and improvements
 15 actually and necessarily used for that purpose, that:

16 (i) consist of at least 9 holes and not less than
 17 3,000 lineal yards; and

18 (ii) were used as a golf course on January 1, 1979, and
 19 were owned by a nonprofit Montana corporation.

20 (2) Class four property is taxed as follows:

21 (a) Property Except as provided in [section 3],
 22 property described in subsections (1)(a) through (1)(c) is
 23 taxed at 8.55% of its market value.

24 (b) Property described in subsection subsections
 25 (1)(d) and (1)(e) is taxed at one-half the taxable

1 percentage established in subsection (2)(a), or 4.275%."

2 NEW SECTION. Section 2. Definitions. The following
3 definitions apply to [section 3] unless the context requires
4 otherwise:

5 (1) "New or expanding" means that the manufacturing
6 industry is new to the jurisdiction approving the resolution
7 provided for in [section 3(2)] or that the manufacturing
8 industry has added qualifying improvements to its property
9 within the same jurisdiction since July 1, 1981.

10 (2) "Manufacturing industry" means an industry that
11 engages in the mechanical or chemical transformation of
12 materials or substances into new products in the manner
13 defined as manufacturing in the 1972 Standard Industrial
14 Classification Manual prepared by the United States office
15 of management and budget.

16 NEW SECTION. Section 3. New or expanding
17 manufacturing industry -- assessment. (1) New manufacturing
18 industry construction or expansion of an existing
19 manufacturing industry may not be taxed during the
20 construction period. In the first 5 years after
21 construction, the property shall be taxed at 50% of its
22 taxable value. Each year thereafter, the percentage shall be
23 increased by 10% until the full taxable value is attained in
24 the 10th year. In subsequent years, the property shall be
25 taxed at 100% of its taxable value.

1 (2) In order for a taxpayer to receive the tax
2 benefits described in subsection (1), the governing body of
3 each affected county or incorporated city or town must have
4 approved by resolution the use of the schedule provided for
5 in subsection (1) for their respective jurisdiction.

6 Section 4. Effective date. This act is effective on
7 July 1, 1981, and applies to taxable years beginning after
8 December 31, 1981.

-End-

TAXATION COMMITTEE

47th Legislature

Bill No.	Subject Matter	Date In	Sponsor	Hearing Date	Committee Action	Date Out
HB 599	To regulate the ownership of agricultural land by requiring certain persons, etc., to report ownership of interest in agricultural lands	Jan 31	Sivertsen	Feb 13	Do not pass Feb 20 10-5	
HB 609	To provide a graduated schedule for the tax rate applicable to improvements on real property for new and expanding manufacturing industry	Feb 2	Fabrega	Feb 13	Do not pass 13-2 Feb 19; Back to comm Feb 19; Scheduled for rehearing March 18 Do not pass March 27 4 opp Do pass April 3 11-7	
HB 614	To amend initiative 86, concerning income tax indexing	Feb 2	Yardley	Feb 16	Do not pass 11-6 March 4	
HB 627	To allocate revenue collected on certain centrally assessed property in a county to local governments.	Feb 3	Asay	Hearing permanently cancelled at request of sponsor.		
HB 629	To clarify the reporting requirements for persons subject to the gross proceeds tax and metalliferous mines license tax	Feb 4	Harrington	Feb 20	Do pass as amended Unan Feb 20	
HB 633	Defining all terrain vehicles	Feb 4	Waldron	Feb 17	Tabled Feb 17 Unan	

MINUTES OF THE HOUSE TAXATION COMMITTEE MEETING
February 13, 1981

A meeting of the House Taxation Committee was held on Friday, February 13, 1981 at 8:00 a.m. in Room 102 of the State Capitol. All members were present except Reps. Brand and Vinger, who were excused. HOUSE BILLS 591, 609, 599, and 648 were heard and EXECUTIVE ACTION was taken on HOUSE BILLS 543, 552, 579, 408, 540, 65, 512 and 528.

The first bill to be heard was HOUSE BILL 609, sponsored by Rep. Jay Fabrega. This is a companion to a bill providing for increment taxing on remodeling property and this bill is for new and expanding manufacturing industry property. In order for a taxpayer to receive the benefits in Section one, the governing body must have approved the schedule by resolution. Presently there are a variety of incentives in the law, but if the industry is not new to the State, the qualifications are so difficult, they are of very little value.

Dave Goss, Billings Chamber of Commerce, then rose as a PROPONENT. A bill like this one would make it a little more worth a new business's while to come into Montana. This would be advantageous to everyone, because the new business would create jobs, and property tax revenue.

Robert Holding, Montana Wood Products Association, then rose in support of the bill. This type of legislation is a good incentive to the amount and type of capital investment being talked about in the wood industry.

Rep. John Harp rose in support of the measure. The new sections containing the schedule allow the industry to meet the demands of great capital outlay and provide a tax base for an area. He pointed out that the State would also be getting income tax revenue from the employees of the industry.

There were no OPPONENTS to HB 609. Questions were then asked. Rep. Sivertsen wanted to know what the rationale was behind the formula in the new section. Rep. Fabrega said that this was the same formula that North Carolina used.

Rep. Fabrega stated that only the portion of a business that was expanding would receive the tax break.

Rep. Bertelsen asked Rep. Fabrega if he saw any lack of equality between this bill and the law that requires a prepayment of taxes. Rep. Fabrega replied that this bill would apply to an industry of any size, but it was aimed at small to middle-sized industries. He stated that he didn't want the prepayment law repealed, because it was legitimate. This bill would favor the small plant.

Rep. Bertelsen brought up the problem of Commissioners being pressured to grant an exemption. Rep. Fabrega pointed out that the resolution was either passed for all takers, or rejected, and cases would not be handled individually.

Rep. Dozier asked Rep. Fabrega if he didn't feel this bill would create

unfair competition with existing businesses. He replied that he didn't feel this way because manufacturing had a lot of room to expand in the State.

Rep. Fabrega stated that it has proven very beneficial to provide this kind of benefit, even in light of the increased demand for services which a new or expanding manufacturing business generates. He added that the increment began at 50% rather than at 0% because local needs are recognized.

The word "jurisdiction" in the bill refers to tax jurisdiction, and Rep. Fabrega stated that the bill could be amended to make this clearer.

Rep. Fabrega said that if business was basically manufacturing in orientation and coming into the State for the first time, he believed the competition problem would regulate itself. He agreed to check and see if gasification plants would be included under the definition in this bill.

Rep. Sivertsen then asked Mr. John Clark (Department of Revenue) for his comments on the bill. He replied that he had no problem with the philosophy behind the bill, but he did have a problem with the language used in its drafting. It appears that once a jurisdiction adopts a resolution under this bill, nothing can be done to prevent anyone who comes in from being immediately subject to the treatment the bill offers. He added that there may be a problem connected with the tax prepayment issue, also. Also, the term "construction period" needs to be defined more closely because it could be continued on indefinitely. The assumption that the bill only goes to the improvements to the property and not to the machinery may not hold up.

Rep. Williams asked Rep. Fabrega if, in view of the complications with the bill, he would be willing to amend it so that local impact would not require a prepayment of taxes, as far as small manufacturers. Rep. Fabrega said this might be a possibility, provided that it doesn't have a negative economic impact. He added that he believed this was being addressed by making the tax break a local option.

Rep. Fabrega stated that one possible way to qualify under the bill might be to require that the businesses have 500 or less employees.

Rep. Fabrega then closed, and the hearing on HB 609 was closed.

HOUSE BILL 591, sponsored by Rep. Hal Harper, was then heard. He feels the people whom the bill addresses should receive the same tax rate whether they live in their own homes or not. He said that the bill addressed limited profit situations, so there would be no abuse by proprietors. He said that some members of the Tax Appeals Board would be available to support his testimony.

There were no OPPONENTS to HOUSE BILL 591.

VISITORS' REGISTER

HOUSE TAXATION

COMMITTEE

BILL 1+3 609

Date 2/13/81

SPONSOR Fabrega

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

WITNESS STATEMENT

NAME F.H. Buck Boles BILL No. HB-609
ADDRESS HELENA MT DATE Feb 13, 1981
WHOM DO YOU REPRESENT MONTANA CHAMBER OF COMMERCE
SUPPORT X OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments: Montana does not have a positive image as a place to locate a business or a manufacturing operation.

This bill would help improve that image. It also offers a significant real benefit to new and expanding business firms.

I especially support the portion of the bill which provides a tax relief to existing firms. So much of the law in Montana that provides tax incentives to business applies only to new businesses. The Montana Chamber has initiated proposals in this session and past sessions to help existing businesses. We are pleased to encourage a do pass for this bill (HB609)

JH Boles

Rep. Asay said he thought it would be more difficult to pass a two-year levy bound to a particular sum, than on a one-year basis. Also, the two-year estimate wouldn't be as reliable. Rep. Williams argued that this bill did not bind anyone to a two-year budget, the privilege to plan a two-year budget was all that was being given.

The question was then called for on the motion of DO PASS. There was a tie vote, and the bill was to await further action by the Committee; see roll call vote.

Rep. Zabrocki then moved that HOUSE BILL 541 DO PASS. In a previous session of the Legislature this bill was passed but was invalidated because of the repealer in another bill. This same problem, it was stated, would not arise again. Rep. Neuman brought up the Fiscal Note which indicated a decrease in County revenues. Rep. Sivertsen said that the loss would be made up on the local level because it would be added on to the other properties.

Rep. Oberg said that he felt this bill would be a vast improvement of the Senior Citizens' property tax relief. Under this bill the most tax relief is being given to the people who need it the most.

The question was called for on the DO PASS motion; motion carried unanimously.

HOUSE BILL 591 was then considered. Discussion took place regarding what kinds of housing would qualify under this bill. Rep. Zabrocki said that the owners of the housing have no incentive to rent because they are guaranteed their profit by the federal government. Rep. Nordtvedt pointed out that there is a government subsidy on the loan already. Rep. Williams said that there were already a number of built in privileges.

Rep. Hart stated that killing this bill would not help the problem of taking advantage of all the good things the federal government offers. The intent of the bill is to provide rent relief.

Rep. Dozier said that if the property owner's taxes are lowered, there will be no guarantee the savings will go back to the renter, whose rent payment is subsidized anyway.

The question was called for on the motion of DO NOT PASS; motion carried with Rep. Harrington opposed.

HOUSE BILL 609 was considered. Rep. Zabrocki said he had a problem with the bill, because it would take 10 years to get 100% of a community's tax base.

Rep. Switzer moved that the bill DO PASS. Rep. Williams made a substitute motion of DO NOT PASS.

Rep. Harrington stated that somewhere, an incentive needed to be provided and therefore he was in favor of the bill.

Rep. Dozier said that two separate taxes and two separate entities of government were being dealt with and the local community won't be helped by this bill.

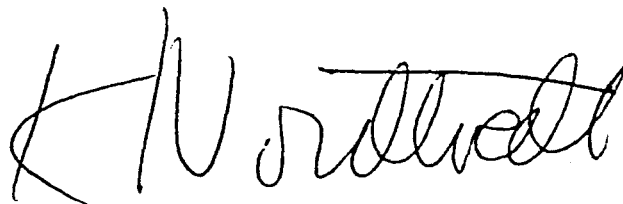
Rep. Vinger expressed the belief that there would be money for the local governments. He submitted that basically, the same amount would be paid as under an inventory tax, for the first five years. He said that he supported the bill.

Rep. Underdal questioned whether this bill would influence where an industrial plant located. Rep. Nordtvedt stated that he felt this would have an influence on the industry's decisions. Rep. Williams pointed out that the voters wouldn't have a chance to help decide. He felt that if the bill could be aimed at small businesses, it would be acceptable. At this time, the industrial revenue bond is available to use an incentive, and it doesn't have an impact on the local income from property taxation. Also, this bill would transfer the up-front money required for local impact in some industries. He stated that he had been provided with gasification plant information from the Billings area Chamber of Commerce.

Rep. Switzer suggested putting a limit on the size of the industry.

The question was then called for on the motion of DO NOT PASS; motion carried 13 - 2; see roll call vote.

Rep. Devlin moved that HOUSE BILL 648 DO PASS; motion carried unanimously. The meeting was adjourned.

A handwritten signature in cursive script, reading "Ken Nordtvedt". The signature is written in dark ink and is positioned above a horizontal line.

Rep. Ken Nordtvedt, Chairman

da

February 18, 19 81

MR. SPEAKERWe, your committee on TAXATIONhaving had under consideration HOUSE Bill No. 609

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE A GRADUATED
 SCHEDULE FOR THE TAX RATE APPLICABLE TO IMPROVEMENTS ON REAL
 PROPERTY FOR NEW AND EXPANDING MANUFACTURING INDUSTRY;
 PROVIDING FOR LOCAL GOVERNMENT APPROVAL; AMENDING SECTION
 15-6-134, MCA; PROVIDING AN EFFECTIVE DATE."

Respectfully report as follows: That HOUSE Bill No. 609

DO NOT PASS~~DO NOT PASS~~

HOUSE TAXATION COMMITTEE MEETING MINUTES
March 27, 1981

A meeting of the House Taxation Committee was held on Friday, March 27, 1981 at 7:00 a.m. in Room 102 of the State Capitol. All members were present except Rep. Asay, who was excused. EXECUTIVE ACTION was taken on HOUSE BILLS 834, 609, 707, 42, 293, 499 and 374 and SENATE BILLS 231 and 292.

HOUSE BILL 374 was considered. It was announced that, with the permission of the sponsor, the bill was amended to take out all items except motor boats and certain sailboats. If this bill wasn't passed, everything else but motor boats would possibly be on a fee system.

Rep. Burnett moved that the "grey" HOUSE BILL 374 DO PASS; see Exhibit "A."

Discussion occurred regarding what would qualify under the bill. Rep. Oberg submitted that the fee schedule wasn't considerably cheaper than the one in HB 204. He said that motor homes had much higher fees, and rose in opposition to the motion. He thought the people who had the ability to pay the most would be getting off the easiest.

Rep. Sivertsen pointed out that the value concept had been dropped when a fee system was adopted.

Rep. Zabrocki pointed out that boats weren't used year-round and therefore their fees were lower. Rep. Underdal pointed out that combines were only used once a year but didn't get this treatment.

The question was called for on the motion that the grey bill DO PASS; motion failed 10 - 7; see roll call vote.

Rep. Harrington moved that HOUSE BILL 609 DO PASS.

Rep. Nordtvedt made a substitute motion of DO NOT PASS. He expressed opposition to making exceptions in the property tax system. He submitted that the taxes on industry's profits should be reduced rather than giving them front-end tax breaks.

The question was called for; motion carried with Reps. Harrington, Brainerd, Neuman and Harp opposed.

Rep. Harp moved that HOUSE BILL 707 DO NOT PASS. Rep. Nordtvedt rose in support of the motion. More resources can be spent in the name of trying to conserve something else to the point where there is a loss in another area. This bill will save a few people and a lot of engineers. He submitted that the State would be picking up too much of the cost under this bill.

Rep. Harp suggested that the bill might be Tabled. An engineer had suggested to him that rather than giving the tax credit on the design, everyone could turn in their usage for the tax break. He submitted, however, that in his opinion this seemed even more unworkable..

PROPOSED AMENDMENTS
HOUSE BILL 609
Submitted by Rep. Nordtvedt

1. Page 3, lines 17 through 21.

Following: "(1)" on line 17

Strike: line 17 through "period." on line 20

Following: line 20

Insert: "a"

Following: "construction" on line 21

Insert: "permit is issued"

2. Page 4, line 5.

Following: "jurisdiction"

Insert: ", and the majority of the electors of the taxing jurisdiction must have approved the resolution at any general election. The electors may end the tax benefits by majority vote; however, the complete tax benefits may not be taken from an industrial facility that previously received them"

AND AS AMENDED
DO PASS

PROPOSED AMENDMENTS
HOUSE BILL 609
Submitted by John Lopach, Economic Growth Council

1. Page 3, line 20.

Following: "period"

Insert: ", which may not exceed 18 months from the commencement of construction"

2. Page 4.

Following: line 2

Strike: "each"

Insert: "the"

Following: "county or"

Insert: "the"

3. Page 4, line 5.

Following: "for"

Strike: "their"

Insert: "its"

Following: "jurisdiction."

Insert: "The resolution shall include a definition of improvements that qualify for the tax treatment that is to be allowed in the taxing jurisdiction. (3) The taxpayer must apply to the county assessor on a form provided by the department of revenue. The application by the taxpayer must first be approved by the appropriate local jurisdiction, indicating that the property qualifies for the tax treatment provided for in this section. Upon receipt of the form with the approval of the governing body of the affected taxing jurisdiction, the assessor shall make the assessment change pursuant to this section."

AND AS AMENDED
DO PASS

HOUSE TAXATION COMMITTEE MEETING MINUTES
April 3, 1981

A meeting of the House Taxation Committee was held on Friday, April 3, 1981 at 8:00 a.m. in Room 102 of the State Capitol. All members were present except Rep. Harrington, who was absent. EXECUTIVE ACTION was taken on HOUSE BILLS 609, 862, 834 and 835.

Chairman Nordtvedt moved that HOUSE BILL 862 DO NOT PASS. Rep. Brand submitted that this money wasn't needed. He said he had gotten conflicting information on whether or not appraisals were current. The question was called for and the motion carried, with Reps. Williams, Dozier, and Oberg opposed.

Rep. Williams gave a Subcommittee report on HOUSE BILL 835. (He and Rep. Asay were the Subcommittee members). He suggested that collections from the retailer might be provided for on the County level; however, he did not submit any amendments.

Rep. Brand said he had talked to a dealer who said there was no way he could keep a handle on paying the money back, as the bill presently was written. The only way to collect adequately is when the gas comes out of the local pump.

Rep. Williams recommended that the bill DO PASS as it stood, because he felt the bill was workable.

Rep. Zabrocki made a substitute motion of DO NOT PASS, and submitted that the bill was not workable.

Rep. Williams pointed out that the law was already on the books. This bill provides the machinery to provide for how the tax is collected. He added that the tax would have to be established by initiative.

Rep. Asay moved an amendment to Line 21, p. 1. Rep. Williams submitted that this language would have to be inserted throughout the bill. Rep. Asay incorporated this in his motion. The amendment would provide that this would give the local initiative the option of deciding where the tax would be collected.

Rep. Williams solicited Ms. Ellen Feaver's (Department of Revenue) opinion. She said that at present the tax was collected from the distributors. Much bureaucracy would be created if the tax was collected at the retail level. Rep. Asay said that local government would be collecting the tax, not the Department of Revenue. Rep. Williams rose in opposition to the amendment. The question was called for; motion failed 6 - 8.

The substitute motion of DO NOT PASS was then voted on; motion failed 5 - 9. The original motion of DO PASS carried 12 - 4; see roll call vote.

Amendments were then distributed for HOUSE BILL 834; Mr. Oppedahl, Legislative Council, explained the amendments; see Exhibit "A." Instead of a 50% tax credit a more modest incentive is provided for.

To get an advantage , the venture would have had to have been profitable.

Rep. Williams said he still had the same problems with the bill as he originally had. The people who invest on their own and not through an SBIC don't get an advantage.

Rep. Nordtvedt said SBIC's could never take controlling interest in the companies they started. Owners of the companies have to have options to buy the SBIC out after a certain number of years, also. SBIC's basically loan "seed money" to these companies with subordinated debt. Usually this debt has a clause that at some point the SBIC can convert the debt into stock in the company, but the SBIC can never take control and in fact it is designed to get out of the company.

It was pointed out that the Fiscal Note was no longer relevant to the bill.

Rep. Asay moved to reconsider action on the bill; motion carried with Reps. Brand, Williams, Oberg, and Dozier opposed.

Rep. Roth moved that the amendments be adopted. Rep. Oberg said he didn't think money would be invested in the SBIC's. He didn't think the amendments would encourage venture capital.

Rep. Williams was opposed to the bill. It wasn't fair to the individual investor. The SBIC's could operate without the bill being passed, he also pointed out. To discriminate against other capital is not acceptable.

Rep. Neuman pointed out that the businesses that would be financed were high risk businesses.

Rep. Dozier said the way the bill was written, now someone going into a high risk venture would take advantage of the bill, but he didn't think this would encourage anyone to invest in upcoming high risk ventures.

Rep. Williams pointed out that any loss could be counted as such on taxes, and this wasn't allowed on other investments.

The question was called for on the amendments; motion carried with Reps. Zabrocki, Oberg, Williams, Dozier, Brand, and Hart opposed.

Rep. Asay moved that the bill DO PASS: motion carried 11 - 7; see roll call vote. Rep. Nordtvedt said that this bill was a step in the right direction although discriminatory towards some investors.

A Statement of Intent for HB 834 was distributed; see Exhibit "B."

It was moved that the Statement of Intent be adopted; motion carried unanimously.

A motion was made to reconsider the Committee's action on HOUSE BILL 609; motion carried. Amendments were distributed; see Exhibit "C." Rep. Nordtvedt explained that the amendments would provide that a majority of the people in the jurisdiction would have to approve the Resolution to give the tax break, and it couldn't be done simply by the County Commissioners. Amendments proposed by John Lopach were also submitted; see reverse side of Exhibit "C."

Discussion took place regarding Rep. Nordtvedt's proposed amendments. Rep. Dozier wanted to know what would happen if the voters decided to allow the tax break and then wanted to renege on the decision, a few years later. Rep. Nordtvedt said that benefits couldn't be taken away from a facility that previously had received them. Once an industry built under this program, it cannot be cut off, although the tax break could be discontinued for future industries.

Rep. Roth wanted to know what the relationship was between the two sets of amendments. Mr. Oppedahl said that the amendments No. 1 were mutually exclusive. The rest of them could all be adopted.

Rep. Bertelsen moved Rep. Nordtvedt's amendment No. 1; motion carried unanimously.

Mr. Oppedahl explained what Mr. Lopach's amendments No. 2 and 3 did. Rep. Nordtvedt said that as the bill presently read, it wasn't clear whether or not the tax break could be cut off on an industry.

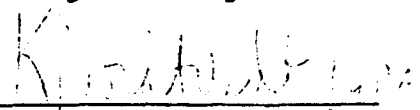
Rep. Nordtvedt moved Mr. Lopach's amendments No. 2 and 3; motion carried unanimously.

Rep. Williams moved Rep. Nordtvedt's amendment No. 2; motion carried unanimously.

Rep. Neuman moved that HOUSE BILL 609 DO PASS AS AMENDED. Discussion took place regarding the language on line 13, p. 3. An amendment which would exclude certain industries was discussed.

The question was called for; motion carried 11 - 7 that HB 609 DO PASS AS AMENDED; see roll call vote.

The meeting was adjourned at 10:00 a.m.


Rep. Ken Nordtvedt, Chairman

47th

LEGISLATIVE SESSION

HOUSE BILLS

COMMITTEE ON TAXATION

BILL NO.	ENTERED COMM.	DATE CONSIDERED	OUT OF COMM.	DO NOT DATE	DO NOT PASS DATE	DO PASS AS AMEND. DATE	BE CON- CURRED IN DATE	BE CONC. IN AS AMENDED DATE	BE NOT CON- CURRED IN DATE
533	3-03-81	3-18-81						3-18-81	
539	3-03-81	3-18-81							3-18-81
540	3-03-81	3-18-81					3-18-81		
541	3-04-81	3-18-81	Tabled						
548	3-12-81	3-24-81	Tabled	3/31/81					
552	3-03-81	3-19-81					3-19-81		
561	3-18-81	3-23-81							3-24-81
561	3-26-81						3-26-81		
569	2-20-81	3-16-81					3-16-81		
581	2-16-81	3-16-81	Tabled						
609	4-08-81	4-13-81						4-14-81	
622	2-20-81	3-16-81					3-26-81		
629	3-06-81	3-19-81					3-19-81		
635	3-04-81	3-17-81					3-17-81		
640	3-04-81	3-20-81	Laid on	table 3/24/81		Taken from committee	4-20-81		
654	3-04-81	3-20-81						4-03-81	

(Use Separate Sheet for Senate, House Bills, and Resolutions)

PROPOSED AMENDMENTS

HOUSE BILL 609

Submitted by John Lopach, Economic Growth Council

1. Page 3, line 20.

Following: "period"

Insert: ", which may not exceed 18 months from the commencement of construction"

2. Page 4.

Following: line 2

Strike: "each"

Insert: "the"

Following: "county or"

Insert: "the"

3. Page 4, line 5.

Following: "for"

Strike: "their"

Insert: "its"

Following: "jurisdiction."

Insert: "The resolution shall include a definition of improvements that qualify for the tax treatment that is to be allowed in the taxing jurisdiction. (3) The taxpayer must apply to the county assessor on a form provided by the department of revenue. The application by the taxpayer must first be approved by the appropriate local jurisdiction, indicating that the property qualifies for the tax treatment provided for in this section. Upon receipt of the form with the approval of the governing body of the affected taxing jurisdiction, the assessor shall make the assessment change pursuant to this section."

AND AS AMENDED

DO PASS

PROPOSED AMENDMENTS
HOUSE BILL 609
Submitted by Rep. Nordtvedt

1. Page 3, lines 17 through 21.

Following: "(1)" on line 17

Strike: line 17 through "period." on line 20.

Following: line 20

Insert: "a"

Following: "construction" on line 21

Insert: "permit is issued"

2. Page 4, line 5.

Following: "jurisdiction"

Insert: ", and the majority of the electors of the taxing jurisdiction must have approved the resolution at any general election. The electors may end the tax benefits by majority vote; however, the complete tax benefits may not be taken from an industrial facility that previously received them"

AND AS AMENDED
DO PASS

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

April 13, 1981

The 67th meeting of the committee was called to order at 8:00 a.m. in Room 415 of the State Capitol Building, Chairman Pat Goodover presiding.

ROLL CALL: All members were present.

CONSIDERATION OF HOUSE BILL 609:

"AN ACT TO PROVIDE A GRADUATED SCHEDULE FOR THE TAX RATE APPLICABLE TO IMPROVEMENTS ON REAL PROPERTY FOR NEW AND EXPANDING MANUFACTURING INDUSTRY; PROVIDING FOR LOCAL GOVERNMENT APPROVAL; AMENDING SECTION 15-6-134, MCA; PROVIDING AN EFFECTIVE DATE."

Senator McCallum took over the chair while Senator Goodover, District 22 Great Falls, presented the bill.

GOODOVER: The basic part of the bill is the new section starting on page 3 where there are definitions for new or expanding manufacturing industries and then new or expanding assessments. In the first 5 years improvements to property shall be taxed at 50% of taxable value. Each year thereafter the tax will be increased by 10% until the full taxable value is attained in the 10th year. In subsequent years, the property shall be taxed at 100% of its taxable value. In order for a taxpayer to receive the tax benefits, the governing body of the affected county or the incorporated city or town must have approved by resolution the use of the schedule provided for in subsection 1 for its respective jurisdiction. The electors may end the tax benefits by majority vote at a general election, but the tax benefits may not be denied an industrial facility that previously received the benefits. The taxpayer must apply to the county assessor on a form provided by the DOR for the tax treatment allowed under subsection 1. The application by the taxpayer must first be approved by the governing body of the appropriate local taxing jurisdiction, and the governing body must indicate in its approval that the property of the applicant qualifies.

This is another effort to provide incentive for people to either begin or expand their operations in Montana to provide additional jobs, adding to the tax and economic base of the community.

PROPOSERS: John Lopach, Economic Growth Council of Great Falls; Forrest Boles, President Montana Chamber of Commerce; and Dave Goss, Billings Area Chamber of Commerce.

HAGER: Do you know if a construction permit is required anywhere in the county?

GRIBBLE: In 1979 the legislature made it possible for local jurisdictions to adopt a building code outside the counties. They stipulated if the counties didn't adopt the State building code the state would take over.

CRIPPEN: It refers to new or expanding industry. One of the problems this committee had with another bill from the House was this type of incentive, while great to get new businesses in, could very well place an undue economic burden on existing industry or business that has weathered the cycles and then is forced to compete with a new industry as far as property taxes are concerned. Have you any comments on that?

BOLES: It is always a question. As you might suppose, a good businessman recognizes the more activity he has in the area he will get his share of that piece of the action. A good example of that attitude is when the Outlaw Inn in Kalispell was built.

CRIPPEN: This pertains to manufacturing industry. What about a business that is employing new people?

BOLES: There is one other law that applies for an increase in the number of employees. If you increase by 30% you will get a tax credit.

LOPACH: This is to give an incentive to those who export products, making it possible for more retail businesses and service businesses to have customers. We probably amended this as manufacturing enterprise for that reason.

ELLIOTT: You are a member of the Economic Growth Council of Great Falls. What is the makeup?

LOPACH: It is a local development association which has 25 or so dues paying members. It is made up of city and county officials, and business and union interests in the Great Falls area. The purpose is to expand tax base in the area.

ELLIOTT: You have made quite a few studies as to what induces people to come into an area?

LOPACH: Yes. I have looked over our area and the state to determine what Montana has.

ELLIOTT: Taxes are rated quite low on the schedule. Is there a situation where taxes are inching up?

LOPACH: Our taxes average 86% of the national value. Tax abatements for an industry moving into a new area are fairly low. They have to look at labor pool, labor costs, costs of building, costs of land.

ECK: As far as procedure goes. It appears this would enable the county to make a decision on each case coming in. When a manufacturing plant gets to the point of applying for a permit,

they make a decision on that particular plant?

GOODOVER: County makes if it is in the county; city if in the city.

ECK: It appears if you are going to allow the electors to cancel that power of the county, it might be well to have hearings. I think they would take care of the problem of a manufacturing plant that would come in and maybe unfairly compete with an existing plant.

GOODOVER: My experience in working with city and county people in the 22 years in Great Falls and 10 years prior in Missoula, they are careful about how they come out with a resolution. They will set the date for a hearing to make sure they are headed in the right direction. There is always a good possibility of repercussions from the population if you don't do that.

ELLIOTT: I would like an explanation between what the law is on the books now and this bill.

LOPACH: There is an existing Montana code 15-6-135 which provides 73% reduction for property taxes for 3 years for industrial property. This law does not apply to industries located in Montana more than 3 years and therefore does not allow us to offer tax abatement to existing industries that are expanding. This law requires a DOR hearing whenever an industry will employ more than 100 people to determine whether there will be adverse impact on the community. The problem the industrial developer has is that he would like to offer a straight tax incentive to manufacturers who would like to locate there. We don't want to tell them they have to go through a DOR hearing to determine that we have an impact.

CRIPPEN: Have you compared HB 835 with the new provisions of 834? When you refer to the local taxing jurisdiction are you dealing with school taxes?

GOODOVER: This applies to the city or the county district. This is a beginning point, again to try and get something started on the books to give incentive to people because of the economy. If it gets one person to start a trend, it could snowball and do some good. The purpose is to get something to show we are interested in offering incentives for people trying to get a job. I would move that we concur in HB 609.

CRIPPEN: I have a problem with the jurisdiction definition.

NORMAN: I move that we continue with the hearing and act on the consideration of the bill later. The motion carried.

The hearing was closed on HB 609.

OCHSNER: We are talking about fuel-tax collection in both Montana statutes. That procedure is set out in the mileage report.

HAVDAHL: The procedure for collecting taxes is as I have described. If a trucker doesn't report, he doesn't pay the tax. What I am talking about is normal procedure.

The hearing was closed on HB 499. Representative Oberg said if we don't do anything we are facing deficit spending. If you can go home to your people and justify that, then you can go ahead.

DISPOSITION OF HB 609:

Senator McCallum moved HB 609 BE CONCURRED IN.

Someone asked about districts. John Clark said there is a conflict problem between the jurisdictions. It does affect tax base one way or another.

NORMAN: Suppose the city didn't want to give a tax break to a particular outfit coming into the city. What would keep them from going into the county?

CLARK: If the city didn't want to grant this, could the city come in and grant it? I am not sure if there is something in there that would say that couldn't be done.

GOODOVER: The bill says: "In order for a taxpayer to receive the tax benefits described in subsection (1), the governing body of the affected county or the incorporated city or town must have approved by resolution the use of the schedule provided in subsection (1) for its respective jurisdiction."

BURR: If a county wants to offer this type of tax break, the county will adopt a resolution. If a city wants to, the city will adopt a resolution. Then anyone who qualifies under that resolution will get the break. But the county will only be granting it in its relation to county taxes. City taxes are levied by the city.

CRIPPEN: The tax increment affects all taxes.

BURR: That is different. A tax increment district is designed differently than this.

ELLIOTT: I would like to make a substitute motion that would require that the improvement be \$100,000 or more. This is to eliminate bookkeeping on a \$5,000 improvement. I would ask Cort to look at the language on that.

ALLEN: We were asked to look up the definition of a synfuel plant. Synfuel plant would qualify here.

NORMAN: There was much discussion about the 15% to get this

April 13, 1981
page 12

before the council. Was that resolved?

TOWE: I question the mechanics. When it says each year thereafter it will be increased 10%. Is that 10 percentage points, or is that 10% of \$50,000?

MCCALLUM: It was meant that it would get to 100% in ten years.

TOWE: Ten percent of the taxable valuation each year. I would move the amendment.

Motion on the amendment passed.

ELLIOTT: What I want to achieve is to provide that the governing body may end the tax benefits by its majority. I want the wording "previously received" changed to "qualified for". Strike "electors" and put "governing body".

S. BROWN: We are entitled to meet for 90 days. It's at this point in the game we start doing stupid things. I don't see why we can't have one more meeting tomorrow and take up the bills we heard Saturday. I don't think we ought to rush through these things.

The discussion was ended on HB 609.

DISPOSITION OF HOUSE BILL 718:

MCCALLUM: I would move that it BE CONCURRED IN, as amended.

TOWE: You have limited the application of this bill to those local government units.

CORT: Page 7, line 7, of the gray bill "any of" could be inserted.

TOWE: If you limit so that you don't have the full 63 districts eligible, then you have eliminated someone who is vitally interested.

ECK: When we went through this we went through for clarification. My problem is that I can look at this section where definitions are and see a small mine that maybe only employs 20 people and yet if those 20 move into a local community, they will be covered and that small mine will have to go through this entire process. I don't know that that was the intent. Input into the drafting was by the large operators.

TOWE: Page 7 of the gray bill: "or other special districts that provide" you can change the meaning by saying "any of". Then the question is what have you really intended?

GOODOVER: The intent was for front-end impacts. Those are guaranteed in writing, worked out with the local development organization, so that it does not have to be accepted unless

ROLL CALLTAXATIONCOMMITTEE

47th LEGISLATIVE SESSION - - 1981

Date 4/13/81

NAME	PRESENT	ABSENT	EXCUSED
Goodover, Pat M., Chairman	✓		
McCallum, George, Vice	✓		
Brown, Bob	✓		
Brown, Steve	✓		
Crippen, Bruce D.	✓		
Eck, Dorothy	✓		
Elliott, Roger H.	✓		
Hager, Tom	✓		
Healy, John E. "Jack"	✓		
Manley, John E.	✓		
Norman, Bill	✓		
Ochsner, J. Donald	✓		
Severson, Elmer D.	✓		
Towe, Thomas E.	✓	late	

Each day attach to minutes.

Date Apr. 13, 1981 House Bill No. 609 Time 10:15 a.m.

NAME	YES	NO
SEN. McCALLUM (Vice-Chairman)		✓
SEN. BOB BROWN	<i>absent</i>	
SEN. STEVE BROWN		✓
SEN. CRIPPEN	✓	
SEN. ECK		✓
SEN. ELLIOTT	✓	
SEN. HAGER		✓
SEN. HEALY		✓
SEN. MANLEY	✓	
SEN. NORMAN	✓	
SEN. OCHSNER		✓
SEN. SEVERSON		✓
SEN. TOWE		✓
SEN. GOODOVER (CHAIRMAN)		✓

Betty Dean

Secretary

Motion: Amend \$5,000.

Pat M. Goodover

Chairman

4 - 9

(include enough information on motion--put with yellow copy of committee report.)

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

April 14, 1981

The 68th meeting of the committee was called to order at 8:00 a.m. in Room 415 of the State Capitol Building, Chairman Pat Goodover presiding.

ROLL CALL: All members present.

The chairman announced that HJR 52 will be sent out with a majority and a minority report. He said he would carry the minority report.

Senator S. Brown moved the committee reconsider action taken previously on HJR 52.

DISPOSITION OF HOUSE BILL 156:

The Chairman announced that HB 156 had been tabled while awaiting a fiscal note. The fiscal note was now in committee and after looking at it it was decided to leave HB 156 on the table.

DISPOSITION OF HOUSE BILL 609:

ECK: I would like to put in on page 4, line 7, following "resolution" insert "following a public hearing." The vote on the amendment carried with Senator Crippen dissenting.

ELLIOTT: I move HB 609 be tabled.

ECK: I make a substitute motion HB 609 BE CONCURRED IN, as amended. Motion carried by roll call vote, 7-6.

DISPOSITION OF HOUSE BILL 718:

Senator Brown moved that on page 7, line 11, after "mine", add "and associated milling facilities."

Amendment voted unanimously.

S. BROWN: Some sort of an annual update of the plan. It was the company's feeling that it could create some problems. They wanted to look at the bill for 2 years and see how it looks. A new section 10. "The developer submitting an impact plan. Pursuant to this plan."

GOODOVER: The amendment you will be making there will be addressed by the legislature two years down the line. You are talking about 3 years. I think we are clouding the issue at this time.

Date 4/14/81 House Bill No. 609 Time 8:10 a.m.

NAME	YES	NO
SEN. McCALLUM (Vice-Chairman)	✓	
SEN. BOB BROWN	✓	
SEN. STEVE BROWN	✓	
SEN. CRIPPEN	✓	
SEN. ECK	✓	
SEN. ELLIOTT		✓
SEN. HAGER		
SEN. HEALY	✓	
SEN. MANLEY		✓
SEN. NORMAN		✓
SEN. OCHSNER		✓
SEN. SEVERSON		✓
SEN. TOWE		✓
SEN. GOODOVER (CHAIRMAN)	✓	

Betty Dean Pat M. Goodover
 Secretary Chairman
 Motion: Be concurred in, as amended

(include enough information on motion--put with yellow copy of committee report.)

PRESIDENT:

MR.

TAXATION

We, your committee on

House 609

having had under consideration Bill No.

Fabrega (Eck)

House 609

Respectfully report as follows: That..... Bill No.

third reading copy, be amended as follows:

1. Page 4, line 7

Following: "resolution"

Insert: "following a public hearing"

And, as so amended,

BE CONCURRED IN

XXXXXX
DO PASS

JP

April 16, 1981

SENATE COMMITTEE OF THE WHOLE

Proposed amendments to House Bill 609, third reading copy, as follows:

1. Page 4, line 1.
Strike: "10%"
Insert: "equal percentages"
2. Page 4, line 12.
Following: "(B) THE"
Strike: "ELECTORS"
Insert: "governing body"
3. Page 4, line 13.
Following: "AT"
Strike: "A GENERAL ELECTION"
Insert: "any time"
4. Page 4, line 14.
Following: "PREVIOUSLY"
Strike: "RECEIVED"
Insert: "qualified for"

HOUSE BILL NO. 609

INTRODUCED BY FABREGA, HARP, MOORE

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE A GRADUATED SCHEDULE FOR THE TAX RATE APPLICABLE TO IMPROVEMENTS ON REAL PROPERTY FOR NEW AND EXPANDING MANUFACTURING INDUSTRY; PROVIDING FOR LOCAL GOVERNMENT APPROVAL; AMENDING SECTION 15-6-134, MCA; PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-6-134, MCA, is amended to read:

"15-6-134. Class four property -- description -- taxable percentage. (1) Class four property includes:

(a) all land except that specifically included in another class;

(b) all improvements except those specifically included in another class;

(c) all trailers and mobile homes used as permanent dwellings except:

(i) those held by a distributor or dealer of trailers or mobile homes as his stock in trade; and

(ii) those specifically included in another class;

(d) the first \$35,000 or less of the market value of any improvement on real property or a trailer or mobile home used as a permanent dwelling and appurtenant land not

exceeding 5 acres owned or under contract for deed and actually occupied for at least 10 months a year as the primary residential dwelling of:

(i) a widow or widower 62 years of age or older who qualifies under the income limitations of (iii) of this subsection;

(ii) a widow or widower of any age with dependent children who qualifies under the income limitations of (iii) of this subsection; or

(iii) a recipient or recipients of retirement or disability benefits whose total income from all sources is not more than \$7,000 for a single person or \$8,000 for a married couple;

(e) all golf courses, including land and improvements actually and necessarily used for that purpose, that:

(i) consist of at least 9 holes and not less than 3,000 lineal yards; and

(ii) were used as a golf course on January 1, 1979, and were owned by a nonprofit Montana corporation.

(2) Class four property is taxed as follows:

(a) Property Except as provided in [section 3], property described in subsections (1)(a) through (1)(c) is taxed at 8.55% of its market value.

(b) Property described in subsection subsections (1)(d) and (1)(e) is taxed at one-half the taxable

1 percentage established in subsection (2)(a), or 4.275%."

2 NEW SECTION. Section 2. Definitions. The following
3 definitions apply to [section 3] unless the context requires
4 otherwise:

5 (1) "New or expanding" means that the manufacturing
6 industry is new to the jurisdiction approving the resolution
7 provided for in [section 3(2)] or that the manufacturing
8 industry has added qualifying improvements to its property
9 within the same jurisdiction since July 1, 1981.

10 (2) "Manufacturing industry" means an industry that
11 engages in the mechanical or chemical transformation of
12 materials or substances into new products in the manner
13 defined as manufacturing in the 1972 Standard Industrial
14 Classification Manual prepared by the United States office
15 of management and budget.

16 NEW SECTION. Section 3. New or expanding
17 manufacturing industry -- assessment. (1) ~~New manufacturing~~
18 ~~industry--construction--or--expansion--of--an--existing~~
19 ~~manufacturing--industry--may--not--be--taxed--during--the~~
20 ~~construction--period.~~ In the first 5 years after A
21 construction PERMIT IS ISSUED, the property IMPROVEMENTS TO
22 REAL PROPERTY THAT REPRESENT NEW MANUFACTURING INDUSTRY
23 CONSTRUCTION OR EXPANSION OF AN EXISTING MANUFACTURING
24 INDUSTRY shall be taxed at 50% of its THEIR taxable value.
25 Each year thereafter, the percentage shall be increased by

1 ~~10% EQUAL PERCENTAGES~~ until the full taxable value is
2 attained in the 10th year. In subsequent years, the property
3 shall be taxed at 100% of its taxable value.

4 (2) (A) In order for a taxpayer to receive the tax
5 benefits described in subsection (1), the governing body of
6 each THE affected county or THE incorporated city or town
7 must have approved by resolution, FOLLOWING A PUBLIC
8 HEARING, the use of the schedule provided for in subsection
9 (1) for their ITS respective jurisdiction ~~AND--THE--MAJORITY~~
10 ~~OF--THE--ELECTORS--OF--THE--TAXING--JURISDICTION--MUST--HAVE~~
11 ~~APPROVED--THE--RESOLUTION--AT--A--GENERAL--ELECTION.~~

12 (B) THE ELECTORS GOVERNING BODY MAY END THE TAX
13 BENEFITS BY MAJORITY VOTE AT A GENERAL ELECTION ANY TIME,
14 BUT THE TAX BENEFITS MAY NOT BE DENIED AN INDUSTRIAL
15 FACILITY THAT PREVIOUSLY RECEIVED QUALIFIED FOR THE
16 BENEFITS.

17 (C) THE RESOLUTION PROVIDED FOR IN SUBSECTION (2)(A)
18 SHALL INCLUDE A DEFINITION OF IMPROVEMENTS THAT QUALIFY FOR
19 THE TAX TREATMENT THAT IS TO BE ALLOWED IN THE TAXING
20 JURISDICTION.

21 (3) THE TAXPAYER MUST APPLY TO THE COUNTY ASSESSOR ON
22 A FORM PROVIDED BY THE DEPARTMENT OF REVENUE FOR THE TAX
23 TREATMENT ALLOWED UNDER SUBSECTION (1). THE APPLICATION BY
24 THE TAXPAYER MUST FIRST BE APPROVED BY THE GOVERNING BODY OF
25 THE APPROPRIATE LOCAL TAXING JURISDICTION, AND THE GOVERNING

1 BODY MUST INDICATE IN ITS APPROVAL THAT THE PROPERTY OF THE
2 APPLICANT QUALIFIES FOR THE TAX TREATMENT PROVIDED FOR IN
3 THIS SECTION. UPON RECEIPT OF THE FORM WITH THE APPROVAL OF
4 THE GOVERNING BODY OF THE AFFECTED TAXING JURISDICTION, THE
5 ASSESSOR SHALL MAKE THE ASSESSMENT CHANGE PURSUANT TO THIS
6 SECTION.

7 Section 4. Effective date. This act is effective on
8 July 1, 1981, and applies to taxable years beginning after
9 December 31, 1981.

-End-